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SC-186, FEBRUARY 12, 1946.

SECRETARY'S STAFF COMMITTEE—PERMANENT LOCATION AND ORGANIZATION OF THE
OFFICE OF RESEARCH AND INTELLIGENCE

THE PROBLEM

The Departmental Order attached as Annex I established the Office of Research and Intelligence on January 1, 1946, but provided that the Office "is established temporarily for the period January 1 through February 28, 1948," and that a final decision on the ultimate location and organization of that Office would be made by the Secretary on or before March 1, 1948. This paper is intended to be the basis of recommendations to the Secretary as to what the decision should be.

RECOMMENDATION

It is recommended:

- (1) That the location of the Office of Research and Intelligence remain under the Special Assistant for Research and Intelligence.
- (2) That the Office of Research and Intelligence remain organized as at present.
- (3) That the intelligence research functions of the Division of American Republics Analysis and Liaison be transferred to the Division of American Republics Intelligence.

BACKGROUND

1. A chronological statement of the developments leading up to the present issue is attached as Annex II and is summarized below.

2. The Department's intelligence program, upon which was based the October 1, 1945, transfer to the Department of the Research and Analysis Branch and the Presentation Branch of the former OSS, was predicated upon the establishment under a Special Assistant to the Secretary of a single organization which would "be responsible for the collection, evaluation and dissemination of all information regarding foreign nations." The Secretary specifically approved the creation of such an organization.

3. One of the stated objectives of the Department in thus centralizing its intelligence activities was to "free the operating offices of the intelligence function and thus relieve them of a very considerable burden". This was to be one of the "first steps in the reorganization of the Department to meet its expanding responsibilities."

4. The last quoted statement was contained in a press release by the Acting Secretary, announcing the appointment of a special assistant for Research and Intelligence. The press release also stated:

"There will also be transferred to the permanent offices, under (the Special Assistant's) direction, appropriate units already existing within the present structure of the Department of State."

5. Upon taking office the Special Assistant for Research and Intelligence was directed by the Acting Secretary to conduct a survey of OSS and Departmental activities, in order to arrive at a program which would

"Coordinate the units within OSS which we wish to retain and the units of the Department of State now participating in intelligence activities, so that, by January 1, all intelligence activities within the Department will be under your own control . . ."

6. The director further stated:

"The steps which I have directed in this memorandum will have the effect of uniting and consolidating the intelligence activities of this Department."

7. Not until October 27, 1945, was there evidence of a difference of opinion within the Department as to the method of organizing its intelligence activities. At that time, and on several subsequent occasions, the proposal has been made

that the best way of equipping the functional and geographic offices to meet their "expanding responsibilities" is not to free them of the intelligence function but to enlarge the staff of each of them by adding a unit to perform the intelligence research work affecting their respective areas or fields.

8. There has been no disagreement regarding the centralization of intelligence collection facilities and certain intelligence research facilities. There are, however, various opinions regarding the extent to which the research functions assigned by the Departmental Order (Annex I) to the regional intelligence divisions should be centralized.

ISSUE NOW PRESENTED

1. The chart attached as Annex III is intended to show the steps involved in production of an intelligence report. It also shows the present organization of the Office under the Special Assistant for Research and Intelligence.

2. An alternative form of organization has been proposed by the Geographic Offices and is set forth in the memorandum attached as Annex IV. Briefly, that proposal would divide up the personnel of the Office of Research Intelligence divisions and distribute most of them to the geographic offices, substituting for ORI an "Office of Research Coordination" with the following functions:

- (a) To establish and maintain standards of research and analysis throughout the Department.
- (b) To formulate, in consultation with geographic offices, a Departmental program for basic research, and to coordinate and stimulate its execution.
- (c) To organize and supervise cooperative projects in research cutting across the lines of the geographic offices.
- (d) To maintain a central clearing house of information regarding research studies prepared or planned anywhere in the Department.
- (e) To maintain liaison with other agencies of the Government, and with private institutions, for the purpose of utilizing all possible research resources to meet the Department's needs.
- (f) To conduct specialized research on economic or other technical subjects.

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ARGUMENT

1. The first argument for separating the intelligence function completely from operating and policy functions is one of principle. Intelligence research is fact finding. It requires independence and integrity of judgment, perspective and objectivity—qualities that thrive only in the most favorable environment.

2. Separation of the fact finder from involvement in policies and objectives is not only a firm and time-honored doctrine of those organizations having most experience in the conscious pursuit of intelligence work—the Armed Forces of this and other nations; it is also fundamental in our institutions of government. The administration of justice depends on fact finding devices, supported by a complex of rules and practices (such as those governing the selection and functioning of juries) which aim to prevent the fact finders from the influence, conscious or unconscious, of policy, prejudice or any interest in the result of the fact-finding process.

3. In cases where the fact finder has additional functions, as with the equity judge, the law demands a rigid separation of the functions and a clear statement of the determinations of fact, and provides an impartial review of the findings on appeal. In modern administrative law, the most serious and controversial issues turn on the need for protecting (and the great difficulty of protecting) the fact finder from the bias, generally unconscious, that comes from commitments to policy or an interest in objectives.

4. Students of government have frequently dealt with this subject. The danger of combining research functions with operational and policy functions was discussed by Walter Lippmann long ago, in his Public Opinion, and the following conclusion was stated:

"The only institutional safeguard is to separate as absolutely as it is possible to do so the staff which investigates. The two should be parallel but quite distinct bodies of men, recreated differently, paid if possible from separate funds, responsible to different heads, intrinsically uninterested in each other's personal success."

5. In England the Committee on Ministers' Powers, in its comprehensive report published shortly before the war, arrived at the same general conclusion and laid great stress on the need for independent fact finding. The committee argued that

a high-minded man could make an impartial determination in the face of a pecuniary interest but that he could rarely do so in the face of a sincere conviction on policy.

6. During the recent agitation for a central inter-departmental intelligence agency, it was frequently stated that an independent, nondepartmental intelligence organization is required because the departments are not impartial reporters of facts but are influenced by their individual objectives and policies, and tend to report or withhold information, to emphasize or de-emphasize it, according to whether it does or does not serve departmental purposes.

7. Whether that charge be valid or not, it is submitted that independence of thought and an unbiased approach to facts will be more likely, according to common experience, if the intelligence unit confines itself to the intelligence function and is directed by officers who also confine themselves to that function.

8. Independence of thought and an unbiased approach to facts are not qualities that an organization acquires merely by willing to have them. Even in a group devoted wholly to factual research, the specialist will tend to overrate the importance of his own subject, to get committed to conclusions, and to acquire preferences, prejudices, and doctrines. To combat and neutralize those tendencies is a function of supervision, a continuing function that must be performed day in and day out, by whatever organizational devices are appropriate, including establishment of work priorities, allocation of personnel to specific tasks, and provision of adequate means for review of studies and reports for objectivity, perspective, and balance, as well as factual content. Effective supervision along those lines would be impossible in an organization broken up and divided among four or more separate offices.

9. That leads to the next argument, which is that the geographic offices are not qualified by training or experience to operate or supervise intelligence research work. Supervision of research on any scale is a professional job. On the scale required to meet this Department's needs it is a professional job for a highly skilled supervisory organization, and not merely for an individual. The geographic intelligence divisions are not self-contained units that can be shifted around in the Department without impairing their effectiveness. They are directed from the office of the Director of ORI, which passes on their work before it comes out, ties the several divisions together, insures that all appropriate regional and functional specialists have contributed to the result, and in general performs the functions of management. The geographic offices are not equipped, and cannot equip themselves, to perform those functions.

10. But even assuming that research could be supervised adequately in the geographic offices, and that it would produce intelligence unaffected by the policy commitments of those offices, decentralization would still impair the effectiveness of the present organization and be wasteful and inefficient.

11. A centralized office can provide specialists on subjects of interest to a number of offices in the Department, no one of which could justify their employment in its individual research unit. Centralized control of positions and of assignments of personnel can assure that there is no more than a single specialist or group for each aspect of intelligence. With a single research organization it is possible to establish and maintain clear-cut guides and procedures for distribution of incoming intelligence data and a single library and reference service—indexed collections of documents, maps, photographs, books, etc. With many scattered research units the distribution problem would be exceedingly complex and centralization of reference files would be impracticable.

12. A decentralized organization would be inflexible and slow to respond to emergencies, which under present arrangements are met by promptly shifting personnel to the most urgent work. The proposal of the geographic offices, recognizing that many intelligence problems (if not most of them) go beyond the area or functional responsibility of any one geographic office, provides for an Office of Research Coordination which, among other duties, would "organize and supervise cooperative projects in research cutting across the lines of the geographic offices."

13. But the kind of supervision that is required to meet the objectives stated in the proposal of the geographic offices (including the establishment and maintenance of standards of research and analysis throughout the Department) involve command—day-to-day supervision of the personnel engaged in research and analysis. It involves hiring and firing; determining what personnel will do what jobs, what kind and amount of direction they will have and what checks their work will be subjected to. Without control of personnel, the establishment of standards, the coordination of a research program, the supervision of projects cutting across geographic lines could not be performed effectively.

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14. An analysis of the work done on political problems by ORI and predecessor organizations would demonstrate that in one important respect the typical project goes beyond the field of the geographic office. In that economic as well as political subjects are involved. Dismemberment of the research organization would increase the difficulty of studying and presenting all aspects of a problem. Centralization not only makes that easier but it provides a unifying influence as between the Political and Economic Offices within the Department, giving them a common body of knowledge on subjects of mutual interest.

15. Not only does ORI serve the economic, cultural, and information offices and the Office of Special Political Affairs, as well as the geographic offices, but in two other respects its interests go beyond the immediate concerns of the geographic offices. First, ORI is interested in long-term basic intelligence, which the geographic offices do not ordinarily require in their day-to-day operations; second, it has the function of keeping track of specialized intelligence (such as military intelligence) to a sufficient degree to keep the Department informed and to assess the reliability of what the specialized intelligence organizations turn out.

16. The organization now known as ORI has functioned as a unit for over 5 years. While it is divided for administrative purposes into geographic and functional parts, those parts are interdependent and closely linked together. They share a common flow of incoming information, common files and common objectives and standards. Cross-divisional project teams are employed on a large part of the work. The organization has an esprit de corps which is a considerable factor in its efficiency, and which has enabled it to survive the innumerable difficulties of the last six months.

17. To break up such an organization, upon the assumption that its component parts would still function after dismemberment, is at least dangerous. Apart from loss of efficiency from other causes, it is believed that many of the key personnel, whom it has been hard to retain because of competing offers of university jobs with a high degree of security, would quit. The opinion among them seems to be unanimous that to dismember the organization would be to destroy it.

18. It is important that the issue be decided promptly, since the present state of suspense has caused serious moral problems. It has also caused two of the best men in the immediate office of the Special Assistant for Research and Intelligence to announce their resignations, effective within the next three months. It has seriously impaired our recruiting program. A consultant for the Federal Reserve Board, one of the best informed men on Russian economics, had agreed to join ORI but now refuses to do so until assured that the organization will survive as a unit. In a similar position are four very able intelligence officers who have been or who are being discharged from the Army, all of whom had previously agreed to come into the Department, at the sacrifice of exceptionally good opportunities in private employment. One of these men has now been lost for good, having been appointed to public office in his home state. ORI reports that its program for recruiting qualified junior research personnel is at a standstill because it can give no assurance of permanency of tenure.

19. In considering the immediate problem, it should be borne in mind that setting up an adequately staffed office of Special Assistant for Research and Intelligence and putting the two subordinate Offices and their divisions on a permanent basis are only the first steps toward the Department's proper objectives in the field of foreign intelligence. The problem of correlating the Departmental intelligence organization with the establishments of the Foreign Service abroad or for developing a reporting program to meet the intelligence needs of the Department have not yet been touched. No adequate machinery has even been set up within the Department for insuring that the Department's foreign information will flow into ORI. No real progress has been made toward coordinating the Department's intelligence activities with those of other agencies, although that job will now become urgent by reason of the creation of the Central Intelligence Group.

20. Further, although the original directive to the Special Assistant called for creation of an Office of Security Intelligence (counterintelligence), no steps in that direction have been taken, because of successful passive resistance within the Department. As a result, in the discussions which are about to begin with the Central Intelligence Group on the postwar organization of security intelligence, the Department is in the position of not having studied the problems and therefore having no policy, though the matter is of special interest because outside occupied areas, the security intelligence personnel (whether X-2 or FBI) operate under State Department cover.

21. This Department unsuccessfully advanced a proposal for coordination of foreign intelligence activities under a plan that would have given the Department a role in foreign intelligence, consistent with its responsibility for the conduct of foreign affairs. Possibly it is fortunate that the proposal was not accepted, because at this time the Department is not equipped to assume a primary role in foreign intelligence. If, however, it is a sound proposition that the Department of State is the appropriate coordinating agency in all matters concerning foreign affairs, including the collection of information and the dissemination of foreign intelligence (most especially the information on which the President takes action), then the Department should fit itself to assume that role. In order to do that, it must not only preserve an effective research unit, and give it more support than it has received to date, but it must go on to develop a reporting program for its offices abroad that will meet the intelligence needs of the Department, including assignment to the field of research and specialized reporting personnel when they are required. It must also participate fully in the development of a governmentwide intelligence program and take its proper share of the responsibilities under that program.

22. It is submitted that the proposal to dismember the research organization is unsound in principle; that it would result in waste and inefficiency; and that it would defeat the objective of putting the State Department in its proper role in foreign intelligence.

23. If the present organization of ORI is to continue, there is one conflict of jurisdiction within the Department to be ironed out, viz. between the Division of American Republics Analysis and Liaison and the Division of American Republics Intelligence. The former division, under ARA, purports to do intelligence work falling within the description of that assigned to ORI. This appears to be the only situation of its kind within the Department and, in the interest of orderly organization, should be eliminated if the present organization of ORI is continued.

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